PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **August 1986**

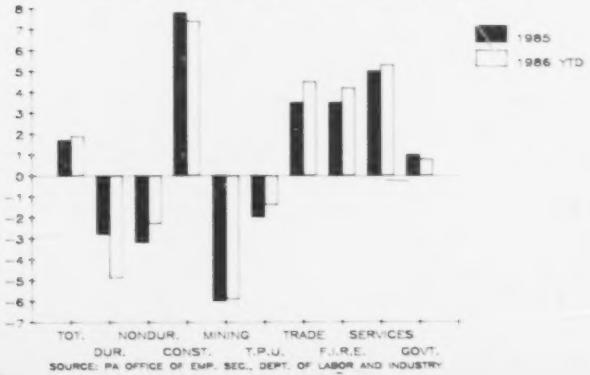
ECONOMY ENDS FIRST HALF SLUGGISHLY

The Pennsylvania economy, like that in the nation, appears to have closed the books on the first half of this year on the downside. **A problem national in scope, a stubbornly high foreign trade deficit, is certainly a major contributing factor to the current sluggishness.** The end result of the trade imbalance is idle capacity and weak employment growth. It is doubtful that the recent one-half point reduction in the discount rate, the interest rate charged to member institutions when they borrow from the Federal Reserve, will do much to boost domestic economic activity given the high level of unused capacity. Another factor acting to minimize the impact of such stimulative economic policy is that a good portion of increased expenditures resulting from the action will be siphoned abroad.

Manufacturing is hurt the most by the trade imbalance since these industries are the most susceptible to foreign competition. In Pennsylvania, job levels in the sector have been on the decline almost continuously for the past two years. At a seasonally adjusted 1.05 million in June, the number of manufacturing jobs stood at a record-low for the ninth time in the past 11 months.

However, the decline of 1,000 from May is the smallest in several months. Other indicators also suggest a very slight easing in manufacturing's difficulties during June. The average factory workweek held steady at 40.1 hours after adjustment for normal seasonal variations, leaving it slightly above a year ago. Increases were recorded in total hours worked, factory payrolls, and in electricity sales to industry, a good barometer of industrial production. On the other hand, output from the Commonwealth's steel mills fell from 29,800 to 27,900 tons per day, the lowest level since early 1983.

PA NONAGRICULTURAL JOB GROWTH,
1985 AND 1986 YTD
(percentage change from year ago)



SOURCE: PA OFFICE OF EMP. SEC., DEPT. OF LABOR AND INDUSTRY

In sum, **although manufacturing continued to slump in in June, there are signs of some life in the sector although a considerable rebound is essentially out of the question.** Keep in mind, however, that we were getting these same signals at the end of last year, signals which proved to be premature as manufacturing remained in the doldrums throughout the first half of 1986.

Nonmanufacturing, on the other hand, continues to operate at a record-setting pace. After seasonal adjustment, job levels in these industries, at 3.77 million, stood at a record-high for the 31*st* time in the past 33 months. This is certainly quite an accomplishment, but questions remain as to how long this record-setting pace can be maintained in nonmanufacturing in the face of manufacturing's difficulties.

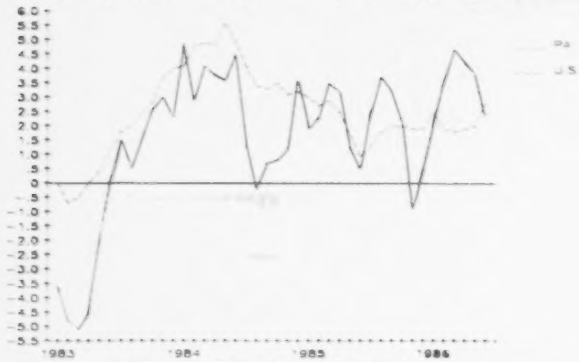
Recent issues of the *Survey* have detailed expectations of moderate growth in the Pennsylvania economy. Indeed, job trends in the Commonwealth's nonagricultural industries during the first six months of this year provide an overall picture of this type of moderate growth. Total establishment-related jobs rose 1.9 percent during this year's first half relative to the same period in 1985, essentially unchanged from a 1.7 percent annual growth rate during all of last year (see chart). **It is apparent that growth is being held back by goods-producing industries, such as manufacturing and mining, while service-producing industries continue to drive the economy.** In nearly all industries, job growth so far this year is quite similar to last year. The lone exception is durable goods manufacturing, where the situation worsened from a 2.8 percent decline last year to a 4.9 percent fall so far this year.

On the surface, June's decline in the jobless rate in Pennsylvania, from a seasonally adjusted 7.9 percent to 6.5 percent, suggests a healthy economy. However, the fall was not the result of any positive news on the employment/unemployment front. In fact, **employment fell for the third straight month after seasonal adjustment.** Normally during June, about 87,000 jobs are generated in the State strictly for seasonal reasons. This year, however, only 56,000 jobs were created. This less-than-normal gain resulted in a seasonally adjusted decline of approximately 30,000 to 5.21 million.

Therefore, the decline in the jobless rate is not the result of the State's unemployed residents gaining employment, but rather is attributable to a reduction in the workforce. All told, the labor force fell by a seasonally adjusted 112,000, made up of the 30,000 fall in employment and a drop in the number of unemployed of about 81,000. This left the number of residents counted as unemployed at 370,000.

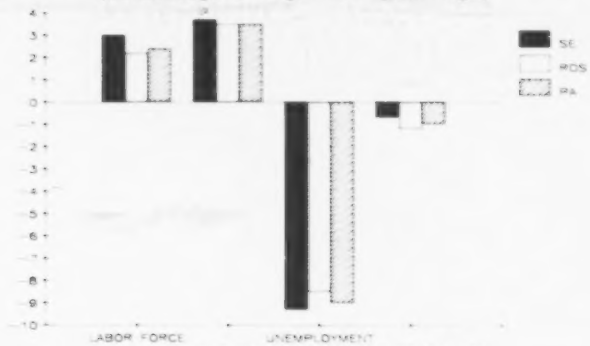
The accompanying chart provides some interesting insight

EMPLOYMENT GROWTH RATES DURING THE CURRENT ECONOMIC RECOVERY, PA AND THE U.S.
(percentage change from year ago month)



SOURCE: U.S. DEPT. OF LABOR, BUR. OF LABOR STATS.

LABOR FORCE, EMPL., AND UNEMPL. GROWTH RATES FOR SE PA AND THE REST OF THE STATE, 1986 YTD
(percentage change from year ago)



SOURCE: PA OFFICE OF EMP. SEC., DEPT. OF LABOR AND INDUSTRY

into the behavior of employment growth in Pennsylvania relative to the U.S. since the current economic recovery began around the beginning of 1983. During most of the first two years of expansion, employment growth in the nation was higher than that in Pennsylvania. However, since around the beginning of 1985, there have been three periods during which the Commonwealth maintained higher levels of employment growth than the nation. The most recent period

Economic Activity in Pennsylvania	UNADJUSTED DATA 1986 May	1986 June	1985 June	SEASONALLY ADJUSTED DATA 1986 May	1986 June	1985 June	SEASONALLY ADJUSTED INDEXES (1977 = 100) 1986 May	1986 June	1985 June
Pennsylvania Industries									
All nonagricultural industries									
No. of wage and salary jobs (thous.)[1]	4,831*	4,861	4,769	4,804	4,814	4,727	105.2	105.5	103.5
Nonmanufacturing									
No. of wage and salary jobs (thous.)	3,776*	3,795	3,666	3,756*	3,767	3,638	116.5	116.9	112.9
Manufacturing									
No. of wage and salary jobs (thous.)	1,052*	1,060	1,101	1,049*	1,048	1,089	78.1	78.1	81.1
Ave. wkly. hrs. worked by prod. workers	40.0	40.3	40.1	40.1	40.1	39.9	101.4	101.6	100.9
Total wkly. person-hours worked (mil.)	28.5*	29.0	30.0	28.4	28.5	29.5	74.1*	74.2	76.9
Total wkly. payroll (mil. dols.)	276.6*	281.3	287.6	276.4*	276.9	283.2	123.0*	123.2	126.1
Steel production (thous. tons)	1,021*	871	1,022	n.a.	n.a.	n.a.	42.4*	39.7	45.8
Industrial electric power sales (mil. kwh)	3,438	3,613	3,495	3,487	3,556	3,463	94.4	96.3	93.8
Mining									
Anthracite coal (thous. net tons)	294	297	420	305	287	423	62.4	58.8	86.6
Bituminous coal (thous. net tons)	4,918	n.a.	5,719†	4,785†	n.a.	5,440†	67.8	n.a.	77.1†
Construction contracts awarded (mil. dols.)									
Total	812.7	734.8	705.3*	800.1	551.8	532.1*	248.7	171.5	165.4*
Residential building	427.9	310.9	294.6*	336.7	224.6	224.8*	239.2	159.6	159.7*
Nonresidential building	206.4	229.7	167.7*	303.5	196.2	151.4*	279.8	180.9	139.6*
Nonbuilding (utilities and public works)	178.4	194.3	243.0*	159.9	131.0	155.9*	220.6	180.8	215.1*
Employment of Pennsylvania Residents									
Employed, no. of persons (thous.)	5,204	5,260	5,141	5,241	5,211	5,095	109.1	108.4	106.0
Unemployed									
No. of persons (thous.)	433	417	515	451	370	468	112.4	92.2	116.7
Rate (percentage of labor force)	7.7	7.3	9.1						
Rate, seasonally adjusted				7.9	6.5	8.3			
Civilian labor force, no. of persons (thous.)	5,637	5,676	5,656	5,692	5,580	5,563	109.3	107.2	106.8
Initial claims for unemployment benefits	89,903	99,708	105,741	109,980	108,506	122,049	76.8	75.8	85.2

Consumer Prices, all items	Urban Indexes (1967 = 100) 1986 May	1986 June	1985 June	Percentage Change Month Ago	Year Ago
U.S. city average	326.3	327.9	322.3	+0.5	+1.7
Philadelphia	318.9	321.7	314.2	+0.9	+2.4
Pittsburgh	n.a.	328.6	325.9	n.a.	+0.8
Northeast PA	309.2	n.a.	306.0†	n.a.	+1.0

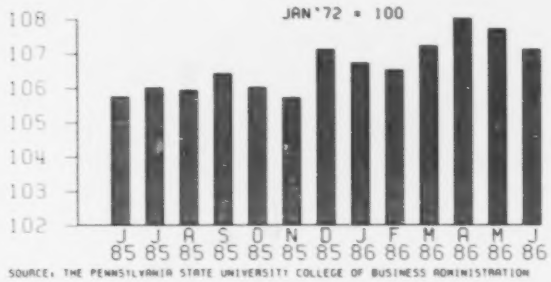
NOTES: Data on employment, payrolls and hours have been revised to first quarter 1985 benchmarks.
[1] Total includes workers on strike. * = figure revised † = figure for May 1985 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

covered the first five months of this year before ending in June. Hence, **it does appear that employment growth in Pennsylvania has improved relative to the U.S. in the later stages of the current recovery.**

There has been a considerable amount of discussion lately concerning the relative strength of the economy in the southeastern portion of the Commonwealth. Indeed, as the accompanying chart illustrates, the region has outperformed the rest of the State on the employment/unemployment front on a year-to-date basis (through June) compared to a year ago. Specifically, the average rate of increase in the labor force and employment in the five metropolitan areas in the region (Harrisburg-Lebanon-Carlisle, Lancaster, Philadelphia, Reading, and York) exceeds the average growth in the ten remaining metro areas around the State (ROS in the chart) and in the Commonwealth as a whole. The same is true for the decline in the number of unemployed. The relatively poor performance in terms of the percentage point decline in the jobless rate is somewhat misleading, since it is a result of the strong labor force growth.

Construction activity during June, as measured by the value of contracts awarded, was down 31 percent to $552 million as contract values were off in all three categories: residential building, nonresidential building, and nonbuilding. Still, so far this year, this measure of construction activity is up 27.5 percent from a year ago. Residential contract values fell for the second consecutive month. Again, however, contract values on a year-to-date basis are up considerably from last year. If an expected decline in mortgage rates occurs, it should give this sector an added boost in coming months.

PENNSYLVANIA COMPOSITE INDEX OF LEADING INDICATORS



SOURCE: THE PENNSYLVANIA STATE UNIVERSITY COLLEGE OF BUSINESS ADMINISTRATION

Because of the decline in residential contract values, **the index of leading indicators for the Pennsylvania economy, which signals future economic trends, declined for the second consecutive month.** However, since the other two components of the index, the average workweek and initial claims for unemployment benefits, held their own, not too much should be read into this decline. **The index of coincident indicators, which moves in tandem with current economic trends, turned in its third straight slight decline.**

— *William D. Anderson*

Housing Permits Report

The State's housing industry appears to be enjoying a burst of activity based on housing permit authorizations during the second quarter. All told, 16,399 permits were authorized in Pennsylvania during the April-June period for a 12.6 percent gain from a year ago. This compares quite favorably with the nation's 7.4 percent advance and follows a rather lackluster first quarter. So far this year, the number of authorizations are up 8.2 percent in the Commonwealth compared to a 7.9 percent gain in the nation.

Low mortgage rates have certainly given the industry quite a boost, as evidenced by trends in the "single-unit" category. At 14,352, the number of single-unit houses authorized during the quarter was up 20.9 percent from last year after a strong 14 percent gain during the first three months of the year. A 19.1 percent gain was recorded at the national level during the second quarter. On a year-to-date basis, single-unit housing permit authorizations were up 18.6 percent in Pennsylvania during the first half of the year compared to a 15.4 percent gain nationally.

Pennsylvania Housing Units Authorized In Permit Issuing Places

	Total	Pct. change from yr. ago	Single units	Pct. change from yr. ago
1986:IIQ	16,399	12.6	14,352	20.9
1986: IQ	7,856	−0.1	6,796	14.0
1986 YTD	24,255	8.2	21,148	18.6

Source: U.S. Dept. of Commerce, Bureau of the Census

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Around the State

Statewide trends during the second quarter were as follows:

The jobless rate fell 0.2 percentage points to its lowest level since 1980:IQ, a seasonally adjusted 7.2 percent, as the number of residents counted as unemployed dipped 11,500 or 2.7 percent. Employment stood at a record-high 5.25 million after adjustment, a gain of 28,400 or 0.5 percent from the January-March period. The State's labor force rose by 16,800 individuals. However, on a monthly basis, both employment and the labor force declined in each of the three months following a very strong showing in March.

-Nonagricultural job levels rose slightly as gains in nonmanufacturing offset losses in manufacturing. The increase in nonmanufacturing was the 14*th* consecutive advance and left job levels in the sector at a record-high 3.75 million after seasonal adjustment. Manufacturing establishments lost jobs for the eighth consecutive quarter. The seasonally adjusted 1.05 million jobs in the sector represent an all-time low.

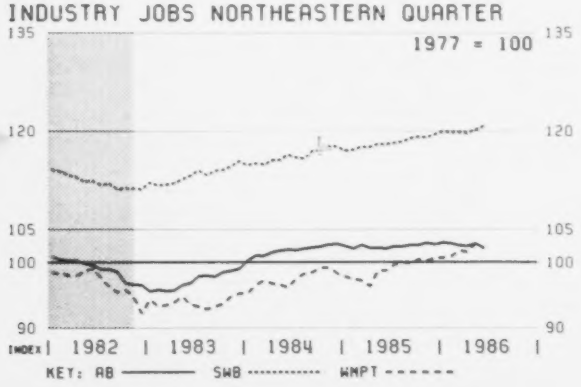
-Both the average factory workweek and electricity sales to industry behaved sluggishly as a result of the weakness in manufacturing. The workweek, which usually rises before an increase in hiring trends, held steady at a seasonally adjusted 40.1 hours. Electricity sales, a good proxy for industrial production, rose a weak 1 percent during the quarter.

-The value of residential construction contracts rose a strong 26 percent on a year-to-date basis from a year ago. Nonresidential contract values were up 21.8 percent over the same period.

Northeastern Quarter

Allentown-Bethlehem-Easton

In part because the region's manufacturing industries remained weak, the jobless rate in the Allentown-Bethlehem metropolitan area during the second quarter, at a seasonally adjusted 8.3 percent, was the sixth highest among the State's 15 metro region. Manufacturing jobs registered their eighth consecutive quarterly decline, settling at an all-time low of 79,900 after seasonal adjustment.



Allentown-Bethlehem Area[1]

	Ave. mo. value 2 Q '86	Average monthly index seas. adj. (1977 = 100) 2 Q '86	1 Q '86	2 Q '85
Employment *(in thousands)*				
Employed, no. of residents	293.3	107	107	106
Unemployed, no. of residents	26.7	127	129	123
Rate, seasonally adjusted	8.3			
Civilian labor force, no. of residents	320.1	108	109	107
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	264.1	102	103	102
Nonmfg. only, no. of jobs	183.8	123	122	117
Mfg. only, no. of jobs	80.3	74	77	82
Hrs. worked by production workers in mfg., *ave. weekly*	38.7	101	100	103
Industrial electric power sales				
Metropolitan area	***	107	103	108
Allentown	***	99	100	105
Bethlehem	***	114	107	115
Easton	***	102	98	92
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	135.7	+33		
Nonresidential contracts only	55.7	+ 5		

[1]Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

The situation in nonmanufacturing is quite different. Sectoral job levels rose a seasonally adjusted 1.1 percent in the quarter to an all-time high of 182,800. Jobs in these industries have not declined since 1982:IVQ. The gain during the first half of this year relative to a year ago, 5 percent, fares well compared to the State's 3.7 percent advance.

The slight decline in the jobless rate, from 8.4 to 8.3 percent after seasonal adjustment, is somewhat misleading. There was a minimal gain of 300 in the number of employed to an adjusted 293,900, a new record. Given a decline of 500 in the number of unemployed, this implies a net outflow of about 200-300 in the labor force. Hence, a portion of the decline in the unemployment rate is a result of a fall in the workforce.

So far this year, improvement in the employment/unemployment situation is not as strong as it is in the entire State. For example, a 6.2 percent gain in the number of unemployed residents during the first six months of this year relative to a year ago is one of only three such increases in the Commonwealth.

Based on the behavior of the average factory workweek and electricity sales to industry, there does appear to be some life left in the region's manufacturing sector. The workweek, which usually rises before an increase in hiring patterns, advanced a strong 0.5 hour to a seasonally adjusted 38.6 hours. This follows three consecutive quarterly declines. Electricity sales rose 3.5 percent during the quarter, but so far this year, sales are down from 1985.

Construction activity in the region is up based on the value of contracts awarded. A good portion of the increase is probably the result of lower mortgage rates, as residential contract values shot up 33 percent during the first half of this year. Nonresidential values rose a smaller five percent.

Scranton-Wilkes-Barre

The Scranton-Wilkes-Barre regional economy remained on a moderate growth trend during this year's second quarter. This appears to be unable to put a dent in the area's unemployment problem. At a seasonally adjusted nine percent, the jobless rate rose 0.1 percentage point from the first three months of the year. Over the past nine months, the unemployment rate has remained in a narrow 8.6-9.5 percent range.

On the positive side, employment of the metro area's residents, at 314,200 after adjustment for normal seasonal variations, set a new record for the sixth time in seven quarters. This represents a gain of 2,600 from the previous three months.

Through the first six months of 1986, trends in the region's employment/unemployment situation closely mirror those Statewide. Compared to the first half of 1985, employment is up 3.5 percent, the same as in the State. The number of unemployed is down 8.8 percent and the jobless rate dropped 1.1 percentage points. This is nearly identical to the Commonwealth's declines of 9 percent and 1 percentage point.

A major reason for the area's inability to put a significant dent in unemployment can be found in manufacturing. The number of jobs in the region dipped another 300 to a seasonally adjusted 72,500, the fifth drop in six quarters. At 37.5 hours, the average workweek was down 0.4 hour from a year ago. On the plus side, a 5.7 percent increase was recorded in electricity sales to industry, suggesting some improvement in industrial production.

As it did throughout the State, the nonmanufacturing sector drove the region's economy in the second quarter. Jobs in these industries rose 0.6 percent to a record-high 207,100 after seasonal adjustment, the ninth consecutive advance.

Construction activity in the region appears to be on an upward trend based on the value of contracts awarded. The $104.2 million in residential contracts awarded so far this year represents a 17 percent improvement over the same period from a year ago. On the nonresidential side, the $35.5 million in awards is a 21 percent gain over last year.

Scranton-Wilkes-Barre Area[1]

	Ave. mo. value 2 Q '86	Average monthly index seas. adj. (1977 = 100) 2 Q '86	1 Q '86	2 Q '85
Employment *(in thousands)*				
Employed, no. of residents				
Metropolitan area	312.5	111	110	107
Lackawanna County[2]	96.3	107	106	104
Luzerne County[3]	144.6	108	107	104
Unemployed, no. of residents				
Metropolitan area	29.9	95	96	108
Rate, seasonally adjusted	9.0			
Lackawanna County[2]	8.5	82	86	94
Luzerne County[3]	15.4	105	103	119
Civilian labor force, no. of residents				
Metropolitan area	342.4	109	109	107
Lackawanna County[2]	104.8	105	104	103
Luzerne County[3]	160.1	108	107	106
Local industries, Metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	281.3	107	107	105
Nonmfg. only, no. of jobs	208.4	117	116	113
Mfg. only, no. of jobs	72.9	87	88	88
Hrs. worked by production workers in mfg., *ave. weekly*	37.5	n.a.	n.a.	n.a.
Industrial electric power sales				
Metropolitan area[4]	***	108	102	101
Lackawanna County[2]	***	121	111	106
Luzerne County[3]	***	95	93	96
Hazleton	***	87	82	89
Wilkes-Barre	***	100	102	98

Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-June)	Pct Change From Year-Ago Ytd
Residential contracts only	104.2	+17
Nonresidential contracts only	35.5	+21

[1]Columbia, Lackawanna, Luzerne, Monroe, and Wyoming Counties
[2]Includes Scranton
[3]Includes Wilkes-Barre and Hazleton
[4]Excludes Wyoming County

Williamsport

An increase in the number of employed by a seasonally adjusted 2.2 percent in the second quarter indicates that economic conditions have improved moderately in the Williamsport area. The 52,100 residents counted as employed is a record-high and represents a gain of 3,500 from last year's second quarter.

Second quarter's unemployment rate is 6.9 percent, seasonally adjusted, just slightly lower than the State's 7.2 percent. This represents quite an improvement from a year ago when the jobless rate was 10.3 percent. Additionally, over the first half of the year, the improvement in the employment/unemployment situation in the metro area has been much more pronounced than in the State. Gains in employment and the labor force and the decline in unemployment compared to the first half of last year have been larger than in the Commonwealth.

Establishment-related jobs in the region experienced an overall increase of 1.1 percent durng the April-June period from the first quarter. In the manufacturing sector, the number of jobs increased by a seasonally adjusted 200 from the first three months of the year. This translates into a gain of 1.3 percent and along with the second consecutive quarterly gain in electricy sales to industry, suggests that manufacturing industries in the region are holding their own, albeit at relatively low levels of employment.

Nonmanufacturing job levels have also improved since the

Williamsport Area[1]

	Ave. mo. value 2 Q '86	Average monthly index seas. adj. (1977 = 100) 2 Q '86	1 Q '86	2 Q '85
Employment *(in thousands)*				
Employed, no. of residents	51.6	111	109	104
Unemployed, no. of residents	4.2	86	98	122
Rate, seasonally adjusted	6.9			
Civilian labor force, no. of residents	55.8	109	108	105
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	47.2	102	101	98
Nonmfg. only, no. of jobs	32.1	113	112	108
Mfg. only, no. of jobs	15.1	85	84	81
Industrial electric power sales	***	88	87	78

Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-June)	Pct Change From Year-Ago Ytd
Residential contracts only	10.1	+33
Nonresidential contracts only	5.2	−76

[1]Lycoming County

first quarter, up 1.3 percent to 31,900 after seasonal adjustment, a record-high. So far this year, sectoral jobs are up 4.7 percent compared to last year, considerably better than the State's 3.7 percent advance.

Signals coming from the region's construction industry are mixed. Residential construction contract values, at $10.1 million during the first half of the year, are up 33 percent from the same period in 1985. On the nonresidential side, however, the $5.2 million in contracts represent a decline of 76 percent from last year.

Southwestern Quarter

Altoona

In terms of employment growth, the Altoona region turned in a fairly strong performance during the first six months of 1986. However, in part because of a healthy surge in the labor force, unemployment remains a problem. During the first six months of the year, employment expanded 4.6 percent in the region from the same period last year compared to the State's 3.5 percent. Additionally, the seasonally adjusted 54,000 residents employed during the April-June period represents a new record.

Despite a slight decline of 200 in the second quarter to a seasonally adjusted 5,800, the number of residents counted as unemployed is up 3.3 percent on a year-to-date basis compared to a year ago. Statewide, there was a nine percent fall. However, the inability of the metro area to put a dent in the unemployment problem is due to a strong increase in the labor force, which has grown at an annual rate of 4.4 percent during the first half of the year. The end result of these trends is a jobless rate of 9.6 percent after seasonal adjustment in the second quarter, the third highest among the Commonwealth's 15 metro regions.

In rising from a seasonally adjusted 11,100 to 11,200, manufacturing job levels increased for the second straight quarter. These industries appear to be more successful in holding their own than the State as a whole, though they are far from strong. Through the first six months of this year, job levels in the region are off 0.7 percent from a year ago compared to a 3.8 percent decline in the Commonwealth. Still, job levels are well below those which prevailed before the back-to-back recessions of the early 1980s. Recent behavior in electricity sales to industry, which declined for the fifth straight quarter in the April-June period, offers additional evidence of a fairly sluggish manufacturing sector.

Nonmanufacturing activity in the Altoona region appears to be on the rise. Job levels have increased in each of the past five quarters so that they totalled 38,900 in the second quarter. The increase in jobs so far this year, at 3.8 percent, is essentially identical to the gain in Pennsylvania.

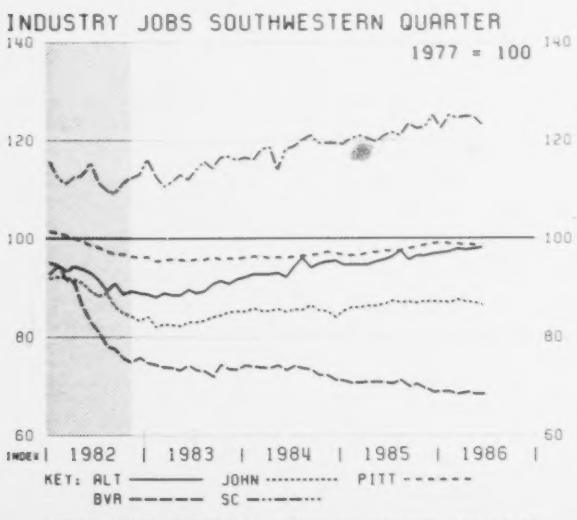
Construction activity in the region through the first half of the year is up due to strength on the nonresidential side where contract values, at $12.8 million, are nearly double their value from last year's first half. The $12 million in residential contracts is unchanged from a year ago.

Johnstown

Economic activity in the Johnstown region remained on hold during the second quarter. The decline in the jobless rate from 12 to 11.4 percent after seasonal adjustment is more the result of a shrinking workforce rather than any significant gain in employment. In fact, resident employment increased by only 100, while the number of unemployed declined by 700 during the second quarter. The end result was a reduction in the workforce totaling 600.

Although the 85,200 residents counted as employed after adjustment for normal seasonal variations is the highest level since 1982, employment was never that low throughout the 1970s. The situation is similar on the unemployment front, where the number of individuals counted as jobless, a seasonally adjusted 10,900, is the lowest so far this decade. However, except for late 1977 and early 1978, unemployment was never than high in the 1970s.

Surprisingly, the region's manufacturing establishments appear to be holding their own relative to the situation throughout the State. So far this year, job levels in these industries have essentially held steady compared to last year,



Altoona Area[1]

	Ave. mo. value 2 Q '86	Average monthly index seas. adj. (1977 = 100) 2 Q '86	1 Q '86	2 Q '85
Employment *(in thousands)*				
Employed, no. of residents	53.8	104	103	99
Unemployed, no. of residents	5.8	142	148	142
Rate, seasonally adjusted	9.6			
Civilian labor force, no. of residents	59.6	106	106	102
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	50.3	98	97	95
Nonmfg. only, no. of jobs	39.1	102	102	99
Mfg. only, no. of jobs	11.2	86	84	85
Industrial electric power sales	***	72	78	82
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	12.0	0		
Nonresidential contracts only	12.8	94		

[1]Blair County

Johnstown Area[1]

	Ave. mo. value 2 Q '86	Average monthly index seas. adj. (1977 = 100) 2 Q '86	1 Q '86	2 Q '85
Employment *(in thousands)*				
Employed, no. of residents	85.1	88	88	86
Unemployed, no. of residents	11.0	102	108	118
Rate, seasonally adjusted	11.4			
Civilian labor force, no. of residents	96.1	90	90	90
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	76.8	87	87	86
Nonmfg. only, no. of jobs	64.4	96	96	95
Mfg. only, no. of jobs	12.5	58	59	58
Industrial electric power sales	***	154	158	146
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	27.3	+ 29		
Nonresidential contracts only	41.5	+108		

[1]Cambria and Somerset Counties

Pittsburgh[1]-Beaver Valley[2] Area

	Ave. mo. value 2 Q '86	Average monthly index seas. adj. (1977 = 100) 2 Q '85	1 Q '86	2 Q '85
Employment *(in thousands)*				
Employed, no. of residents				
Pittsburgh[1]	890.4	103	103	100
Beaver County	58.1	68	68	69
Unemployed, no. of residents				
Pittburgh[1]	79.2	125	129	151
Beaver County	8.7	140	156	166
Unemployment Rate, seas. adj				
Pittsburgh[1]	8.2			
Beaver County	13.5			
Civilian labor force, no. of residents				
Pittsburgh[1]	969.6	105	104	103
Beaver County	66.7	73	74	76
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs				
Pittsburgh[1]	863.8	99	99	97
Beaver County	52.7	68	69	71
Nonmfg. only, no. of jobs				
Pittsburgh[1]	730.0	112	112	108
Beaver County	41.3	107	107	103
Mfg. only, no. of jobs				
Pittsburgh[1]	133.1	60	62	64
Beaver County	11.5	30	31	39
Hrs. worked by production workers in mfg., *ave. weekly*				
Pittsburgh[1]	40.8	n.a.	n.a.	n.a.
Beaver County	41.4	n.a.	n.a.	n.a.
Industrial electric power sales	***	61	62	67
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-June)	Pct Change From Year-Ago Ytd		
Residential contracts only				
Pittsburgh[1]	227.8	+ 18		
Beaver County	12.8	+ 5		
Nonresidential contracts only				
Pittsburgh[1]	272.6	+ 29		
Beaver County	8.2	+22		

[1]Allegheny, Fayette, Washington and Westmoreland Counties
2Beaver County

while they have declined 3.8 percent across the State. Still, with a decline of 200 after seasonal adjustment to 12,300, job levels in the second quarter are at their second lowest level on record. Furthermore, although they are running ahead of a year ago, electricity sales to industry declined in the second quarter.

Although the bulk of all new jobs generated in the region are originating in the nonmanufacturing sector, sectoral job growth remains lower in the metropolitan area than in the State as a whole. During the second quarter, job levels held steady at a seasonally adjusted 63,900. Through the first half of the year, jobs in these industries have increased at an annual rate of 1.3 percent, well below the Commonwealth's 3.7 percent growth rate.

The only bright spot for the economy this year is construction. Through June, the value of residential construction contract awards are up 29 percent from a year ago to $27.3 million. On the nonresidential side, contract values more than doubled from a year ago to $41.5 million.

Pittsburgh-Beaver Valley

The economy of the Pittsburgh-Beaver Valley region remained in neutral during this year's second quarter as manufacturing continued holding back overall economic growth. Job levels in these establishments in the four-county Pittsburgh region fell another 3.2 percent from the January-March period to a record-low of 132,000 after seasonal adjustment. This is the 17*th* decline in 19 quarters. In Beaver County, manufacturing job levels declined for the eighth straight quarter, to a seasonally adjusted 11,200, also a record-low. Compared to 1979, the last year before the back-to-back recessions of the early 1980s, manufacturing job levels are off more than one-third in the Pittsburgh area and two-thirds in Beaver County. Furthermore, electricity sales to industry, a good barometer of industrial production, continue on a downward trend.

Nonmanufacturing, on the other hand, is expanding. The seasonally adjusted 728,000 positions in the Pittsburgh area during the second quarter represent a gain of 2,000 from the first three months of the year, the 12*th* gain in 13 quarters and a record-high. Jobs in these industries have also been on the rise in Beaver County, increasing in each of the past six quarters. The seasonally adjusted 40,800 jobs in these industries works out to a gain of 200 from the first quarter.

Despite a decline in the second quarter, unemployment remains a problem throughout the region. The four-county Pittsburgh region maintained an 8.2 percent seasonally adjusted unemployment rate during the second quarter, down from 8.4 percent in the first three months of the year. The number of residents counted as unemployed dropped 2,600, while employment advanced by 3,900 to 897,300, seasonally adjusted.

Although it declined by 1.3 percentage points, the 13.5 percent jobless rate in Beaver County during the April-June period is still the highest among the State's 15 metro regions. Additionally, a good portion of the decline is the result of a net outflow from the labor force. All told, the number of residents counted as unemployed dropped a seasonally adjusted 1,000, while employment rose by just 200 to 58,100 after adjustment for normal seasonal variations.

Construction activity during the first six months of the year in the region is up relative to a year ago. Contract values have advanced in both the residential and nonresidential sectors.

State College

Although economic activity in the State College region slowed somewhat in the second quarter, the overall trend in the metropolitan area is toward productive growth. The jobless rate in the region, a seasonally adjusted 6.2 percent, represents a decline of 0.2 percentage point from the January-March period and is a full point below the State's 7.2 percent. This follows a decline of 1.5 points in the first quarter.

Resident employment advanced by a slight 300 last quarter to a seasonally adjusted record-high of 53,800. So far this year, employment is up 7.3 percent compared to a year ago, more than double the increase in the Commonwealth. Likewise, the increase in the labor force during the first six months of the year turned out to be far stronger than in the State. This is a positive development in that it suggests that the region's residents are confident about the health of the economy.

Nonagricultural jobs in the area's establishments rose a slight 100 to a seasonally adjusted 50,600. This is a new record and is the sixth consecutive quarterly gain. The nonmanufacturing sector has been leading the way in the economy as of late. The 42,900 jobs in these industries during the second quarter after seasonal adjustment are up by 400 from the first quarter and represent a record high. Through the first six months of this year, sectoral jobs are up 3.8 percent, only slightly higher than the Commonwealth's 3.7 percent gain.

The region's manufacturing sector is certainly not growing, but it is not subracting from economic growth to the same degree that it is in the State as a whole. At a seasonally adjusted 7,700, sectoral jobs dipped 200 from the first quarter. Over the first six months of the year, manufacturing jobs have essentially held steady, while they have declined 3.8 percent across the State. Another positive sign for manufacturing is the second consecutive quarterly gain in electricity sales to industry, a good proxy for industrial production.

Construction activity in the region so far this year is up. However, the $35.3 million in residential construction contracts awarded is only a slight 7 percent improvement from a year ago. Nonresidential construction contracts, at $19.3 million, are up a strong 135 percent.

State College Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q.'86	*2 Q.'86*	*1 Q.'86*	*2 Q.'85*
Employment *(in thousands)*				
Employed, no. of residents	53.2	128	128	120
Unemployed, no. of residents	3.6	133	138	158
Rate, seasonally adjusted	6.2			
Civilian labor force, no. of residents	56.8	128	128	122
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	50.4	124	124	120
Nonmfg. only, no. of jobs	42.6	125	124	120
Mfg. only, no. of jobs	7.8	120	124	121
Industrial electric power sales	***	108	105	100

Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-June)	Pct Change From Year-Ago Ytd
Residential contracts only	35.3	+ 7
Nonresidential contracts only	19.3	+ 135

[1]Centre County

Northwestern Quarter

Erie

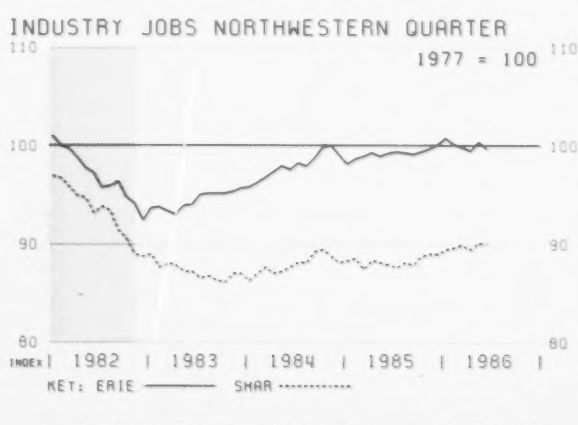
Unemployment remains a serious problem in the Erie regional economy. During the second quarter, the number of residents officially counted as unemployed rose by a seasonally adjusted 1,100 to 11,600. Over the first six months of the year, unemployment is down just 2.5 percent in the region from the same period a year ago compared to a 9 percent Statewide decline. Furthermore, the seasonally adjusted jobless rate of nine percent is the highest since the 9.2 percent from a year ago.

At the same time, growth in employment and the labor force in the region during the first half of the year trails the State as a whole. Employment in the region is up 2.7 percent compared to the first six months of 1985, while the workforce has expanded 2.2 percent. At the State level, the increases work out to 3.5 and 2.4 percent, respectively. The second quarter saw employment dip slightly from the January-March period to 118,100 after seasonal adjustment.

Manufacturing continues to hold the region's economy back. Job levels in these industries declined for the fifth time in six quarters. The 34,100 positions in manufacturing after adjustment for normal seasonal variations represent the third lowest reading since record-keeping began in 1962. A relatively large decline in sales of electricity to industry, a good indicator of industrial production, provides further evidence of the weakness in manufacturing. However, compared to a year ago, electricity sales are up.

In turning in a fifth consecutive quarterly job gain, nonmanufacturing activity remained on the upswing. In fact, the seasonally adjusted 75,900 positions in these industries during the April-June period represent an all-time high . Furthermore, through the first half of the year, nonmanufacturing jobs have increased 4 percent on an annual basis, slightly higher than the State's 3.7 percent advance.

Signals coming from the region's construction industry are mixed. The Erie region is one of only three in the State to fail to realize an increase in residential construction contract values between the first half of 1985 and the same period in 1986. The $27.1 million in contracts is down 3 percent from last year. On the nonresidential side, a 74 percent increase pushed construction contract values to $28.7 million.



Erie Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q '86	*2 Q '86*	*1 Q '86*	*2 Q '85*
Employment *(in thousands)*				
Employed, no. of residents	117.2	106	106	104
Unemployed, no. of residents	11.9	127	116	128
Rate, seasonally adjusted	9.0			
Civilian labor force, no. of residents	129.1	108	107	105
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	110.2	100	100	99
Nonmfg. only, no. of jobs	76.0	113	111	108
Mfg. only, no. of jobs	34.2	80	83	84
Industrial electric power sales	***	94	103	93

Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-June)	Pct Change From Year-Ago Ytd
Residential contracts only	27.1	– 3
Nonresidential contracts only	28.7	+74

[1]Erie County

Sharon

Economic growth in the Sharon region moved along at a fair pace during the first half of the year, outperforming the State in several categories. Despite these developments, growth in the region has failed to match Statewide trends over the longer run.

Nonmanufacturing industries continue providing nearly all new jobs in the region despite a slight decline during the April-June period. At a seasonally adjusted 30,500, jobs are down 100 from the first quarter. So far this year, job levels are up 3.7 percent from last year's first half, identical to the increase in the State. The growth in the current recovery, however, has not been as strong as in the Commonwealth.

Manufacturing jobs have declined 3.4 percent from the first half of 1985, with nearly all of the shortfall coming in the first quarter. Statewide, a 3.8 percent job loss occurred. Despite an increase of 200 in the second quarter to a seasonally adjusted 10,200, sectoral jobs remain well below pre-recession levels.

Second quarter's seasonally adjusted jobless rate of 7.8 percent is the lowest since 1981 and represents a fall of 0.7 percentage point from the previous quarter. The number of residents counted as unemployed dipped to 4,000 after seasonal adjustment, the lowest since 1980. Both measures of joblessness are higher than the levels which prevailed throughout most of the 1970s. Some of the decline in unemployment is surely the result of weak labor force growth. During this year's first half, the workforce expanded by a slight 1.2 percent compared to the State's 2.4 percent gain.

Employment is growing at a strong pace so far this year. During the second quarter, employment reached a seasonally adjusted 46,400, a gain of 1.1 percent from the first quarter. Through six months, employment has expanded 3.9 percent compared to a year ago, slightly higher than the State's 3.5 percent. Again, over the last several years, employment growth in the area has not matched that in the State.

Residential construction contract awards, at $9.9 million for the first six months of the year, are down 19 percent from the year-ago level. Only two other areas, Erie and Altoona, failed to register an increase. On the other hand, the region's 60 percent increase in nonresidential contract values to $15.4 million is in line with the increases in other metro areas.

Sharon Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q '86	*2 Q '86*	*1 Q '86*	*2 Q '85*
Employment *(in thousands)*				
Employed, no. of residents	46.3	97	96	93
Unemployed, no. of residents	4.1	100	106	132
Rate, seasonally adjusted	7.8			
Civilian labor force, no. of residents	50.5	97	96	96
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	40.9	90	90	88
Nonmfg. only, no. of jobs	30.8	106	106	102
Mfg. only, no. of jobs	10.2	63	62	64
Industrial electric power sales	***	102	98	105

Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-June)	Pct Change From Year-Ago Ytd
Residential contracts only	9.9	– 19
Nonresidential contracts only	15.4	+60

[1]Mercer County

Southeastern Quarter

Harrisburg-Lebanon-Carlisle

The economy of the Harrisburg-Lebanon-Carlisle region remains on a moderate upswing despite a rise in joblessness during the second quarter. The number of residents counted as unemployed jumped by 1,300 after seasonal adjustment to 16,800. This is, however, well below the level from a year ago. Likewise, the unemployment rate increased by 0.4 percentage point to 5.5 percent, seasonally adjusted. Still, the only region with a lower rate of joblessness among the State's 15 metro areas is Lancaster.

A good deal of the increase in unemployment is the result of healthy growth in the labor force. Through the first six months of the year, the workforce grew at a 3.8 percent annual rate compared to the Commonwealth's 2.4 percent. Furthermore, employment in the region is on the rise, growing by 4.4 percent so far this year, considerably better than the State's 3.5 percent advance. The seasonally adjusted 290,200 residents counted as employed in the second quarter represents an all-time high.

All new jobs in the area are being created in the nonmanufacturing sector where job levels have increased for 14 consecutive quarters. During the April-June period, there were 231,400 positions maintained in these establishments after adjustment for normal seasonal variations, a 0.7 percent gain from the first quarter. So far this year, job levels are up 4.1 percent from the first half of 1985.

Similar to the situation across the State, the metropolitan region's manufacturing establishments are having their share of problems. Jobs in these industries have declined in six of the seven most recent quarters. After seasonal adjustment, the 49,600 manufacturing jobs in the second quarter are down by 1,900 from the January-March period and represent the lowest number of jobs since record-keeping began in 1975.

The region's construction industry has certainly contributed

to overall economic growth through the first half of 1986. At $103.8 million, the value of residential contracts awarded between January and June is up 28 percent from a year ago. Additionally, the $76.8 million in nonresidential construction contracts are up 63 percent from 1985.

Lancaster

Once again, the Lancaster region maintained the lowest unemployment rate among the State's 15 metropolitan regions during the second quarter, a seasonally adjusted 3.8 percent. This is nearly one-half the Commonwealth's 7.2 percent. Although the number of residents counted as unemployed is up 600 in the April-June period to a seasonally adjusted 7,900, there has been a 16.5 percent drop during the first six months of this year compared to 1985.

Another sign of the strong economy in the region is second quarter's seasonally adjusted employment level of 199,400, a record-high. So far this year, employment has advanced 5.2 percent on an annual basis compared to Pennsylvania's 3.5 percent growth rate. Furthermore, the region's labor force expanded a solid 4.1 percent durng the first half of the year, a sign that residents are fairly confident about the employment situation.

A major reason for the area's robust growth is found in manufacturing. While most regions throughout the Commonwealth are experiencing significant job losses in these industries, the Lancaster area has realized three consecutive quarterly gains. In fact, sectoral jobs, at a seasonally adjusted 58,600, are at their highest level since 1981. Additionally, the moderate gains in the average factory workweek and electricity sales to industry provide further evidence of manufacturing's relative strength.

Similar to the situation elsewhere in the State, nonmanufacturing activity appears to be on a strong upward trend. Jobs in these industries have increased for 15 straight quarters to stand at a record-high 113,300 in the second quarter. This represents a gain of 1.5 percent from the January-March period.

Given the healthy economy in the region, the strong showing by the construction industry during the first half of the year is not surprising. Residential contract awards, at $124.3 million, are up 42 percent from the first half of 1985. Likewise, nonresidential contract values are up 13 percent to $25.9 million.

Philadelphia

Strength in the nonmanufacturing sector continues fueling economic growth in the Philadelphia region. All told, sectoral job levels have increased in each of the past 18 quarters to settle at a record-high of 1.69 million after seasonal adjustment in the April-June period. So far this year, job levels in these industries are up 3.3 percent from a year-ago, slightly less than the 3.7 percent gain Statewide.

Manufacturing, on the other hand, remains on a downward trend, holding back overall economic growth. The only time when job levels in these industries have been lower than second quarter's seasonally adjusted 392,300 occurred just as the recession was bottoming out in 1983. Through the first half of this year, jobs are down 1 percent from the same period in 1985 compared to the Commonwealth's 3.8 percent fall. Although electricity sales to industry did rise in the second quarter and remain above the level from a year ago, the average factory workweek fell from 40 to 39.9 hours after

Harrisburg-Lebanon-Carlisle Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q '86	*2 Q '86*	*1 Q '86*	*2 Q '85*
Employment *(in thousands)*				
Employed, no. of residents	288.8	115	114	111
Unemployed, no. of residents	16.3	109	101	115
Rate, seasonally adjusted	5.5			
Civilian labor force, no. of residents	305.1	115	114	111
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	283.2	114	114	112
Nonmfg. only, no. of jobs	233.2	120	120	116
Mfg. only, no. of jobs	49.7	91	94	96
Hrs. worked by production workers in mfg., *ave. weekly*	39.5	n.a.	n.a.	n.a.
Industrial electric power sales	***	66	66	72
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	103.8	+28		
Nonresidential contracts only	76.8	+63		

[1]Cumberland, Dauphin, Lebanon, and Perry Counties

Lancaster Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q '86	*2 Q '86*	*1 Q '86*	*2 Q '85*
Employment *(in thousands)*				
Employed, no. of residents	198.4	127	125	120
Unemployed, no. of residents	7.6	96	89	117
Rate, seasonally adjusted	3.8			
Civilian labor force, no. of residents	206.1	125	123	120
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	172.8	122	120	117
Nonmfg. only, no. of jobs	114.0	134	132	127
Mfg. only, no. of jobs	58.8	103	103	102
Hrs. worked by production workers in mfg., *ave. weekly*	40.4	102	101	100
Industrial electric power sales	***	127	126	122
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	124.3	+42		
Nonresidential contracts only	25.9	+13		

[1]Lancaster County

Philadelphia Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q '86	2 Q '86	1 Q '86	2 Q '85
Employment *(in thousands)*				
Employed, no. of residents	2217.4	118	117	114
Unemployed, no. of residents	130.9	72	74	80
Rate, seasonally adjusted	5.5			
Civilian labor force, no. of residents	2348.3	114	113	111
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	2091.8	114	114	112
Nonmfg. only, no. of jobs	1696.9	122	122	119
Mfg. only, no. of jobs	393.0	88	89	89
Hrs. worked by production workers in mfg., *ave. weekly*	39.7	100	101	100
Industrial electric power sales	***	104	100	101
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	831.3	+ 33		
Nonresidential contracts only	597.4	+ 8		

[1]Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

Reading Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	2 Q '86	2 Q '86	1 Q '86	2 Q '85
Employment *(in thousands)*				
Employed, no. of residents	156.8	117	116	114
Unemployed, no. of residents	13.2	133	130	140
Rate, seasonally adjusted	7.2			
Civilian labor force, no. of residents	170.0	118	116	115
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	143.8	109	109	108
Nonmfg. only, no. of jobs	95.8	118	117	113
Mfg. only, no. of jobs	48.0	95	96	100
Hrs. worked by production workers in mfg., *ave. weekly*	40.0	102	102	102
Industrial electric power sales	***	126	125	120
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	67.0	+ 32		
Nonresidential contracts only	49.7	+213		

[1]Berks County

seasonal adjustment, suggesting sluggish hiring trends in the near-term.

The situation on the employment/unemployment front is also improving moderately. Employment of the region's residents stands at a record-high 2.23 million after seasonal adjustment in advancing 0.8 percent from the first quarter. Coupled with a decline of 2.3 percent in the number of unemployed, this helped push down the unemployment rate from 5.6 to 5.5 percent, seasonally adjusted. This is the lowest jobless rate since the mid-1970s and the second lowest among the State's 15 metropolitan areas.

Spurred on by lower mortgage rates, the value of residential construction contracts, at $831.3 million during the first half of the year, are up 33 percent from a year ago. A more moderate gain of 8 percent to $597.4 million was achieved on the nonresidential side.

Reading

Economic trends in the Reading area during the first half of the year have proved to be somewhat sluggish compared to the State as a whole. Employment of the region's residents did, however, rise by 1,500 during the second quarter to a seasonally adjusted 158,500, a new record. During the course of the first six months of the year, employment expanded at a 2.1 percent annual rate, well below the Commonwealth's 3.5 percent.

On the unemployment front, the jobless rate rose a slight 0.1 percentage point to 7.2 percent after seasonal adjustment in April-June period. Likewise, the number of residents counted as unemployed rose by 200 to an adjusted level of 12,100 during the second quarter. During the first half of the year, the Reading area was one of only three metropolitan regions across the State to show an increase (0.8 percent) in the number of unemployed from a year ago.

A good deal of the economy's inability to put a significant dent in unemployment is attributable to continued weakness in manufacturing. All told, jobs in these industries have declined in eight straight quarters. Since record-keeping began in 1962, manufacturing job levels have been lower than second quarter's seasonally adjusted 48,600 in only two periods: 1975 and late 1982-early 1983. On the positive side, industrial power sales did increase for the fourth consecutive time during the second quarter. Furthermore, the average factory workweek turned in its second consecutive increase.

The situation is quite different in nonmanufacturing, where job levels have advanced in each of the past 14 quarters. At a seasonally adjusted record-high of 95,300, the number of nonmanufacturing positions rose 1,000 from the January-March period. Because of the strength in these industries, total establishment-related jobs (manufacturing and nonmanufacturing) have been on an upward trend as of late, settling at a record-high 143,800 after seasonal adjustment in the second quarter.

Construction has been one of the bright spots in the Reading economy so far this year. At $67 million, the value of residential construction contracts awarded during the first six months of 1986 are up nearly one-third from a year-ago. The value of nonresidential contracts more than tripled over the same period to $49.7 million.

York

The York regional economy turned in another solid performance during this year's second quarter, with the only sore spot found in manufacturing. Job levels in this sector declined by 600 to a seasonally adjusted 57,700, the lowest since 1983. So far this year, manufacturing jobs are off 2.3 percent from the first half of 1985. Statewide, a 3.8 percent loss has occurred. Furthermore, the average factory workweek, which normally rises before an increase in hiring trends, fell 0.7 hour in the April-June period to 41 hours after seasonal adjustment. Compared to a year ago, though, the workweek is up. On the positive side, electricity sales to industry, a good barometer of industrial production rose in the second quarter and are also above year ago levels.

Nearly all new jobs in the region are being created in the nonmanufacturing sector, where job levels have increased in each of the past 15 quarters. The 106,000 positions in these industries during the second quarter is a record-high. Through

the first six months of the year, sectoral jobs are up 4.5 percent, considerably better than the State's 3.7 percent advance over the same period.

The region's strong showing relative to most other areas around the Commonwealth is also reflected in second quarter's seasonally adjusted 5.5 percent jobless rate. Only the Lancaster region maintained a lower unemployment rate. This is down only slightly from the first quarter's 5.6 percent. An employment gain of 1,100 to a seasonally adjusted record-high of 195,800 contributed to the fall. Given an increase of 1,000 in the labor force, this brought about a decline of 100 in the number of unemployed to a seasonally adjusted 11,400, the lowest level since 1980.

Construction activity in the region appears to be following the upward trend of the overall economy. During the first six months of this year, $75 million in residential construction contracts have been awarded, 33 percent more than a year ago. An even more impressive performance was turned in on the nonresidential side, where contract values are up 112 percent to $47.6 million through six months.

— William D. Anderson and Lauren Bielski

York Area[1]

	Ave. mo. value 2 Q '86	Average monthly index seas. adj. (1977 = 100) 2 Q '86	1 Q '86	2 Q '85
Employment *(in thousands)*				
Employed, no. of residents	194.1	127	126	122
Unemployed, no. of residents	12.0	114	114	144
Rate, seasonally adjusted	5.5			
Civilian labor force, no. of residents	206.1	126	125	124
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	164.2	115	115	113
Nonmfg. only, no. of jobs	106.7	129	128	123
Mfg. only, no. of jobs	57.5	97	98	99
Hrs. worked by production workers in mfg., *ave. weekly*	41.0	100	101	99
Industrial electric power sales	***	110	109	104
Construction contracts awarded *(in millions of dollars)*	'86 Ytd (Jan-June)	Pct Change From Year-Ago Ytd		
Residential contracts only	75.0	+33		
Nonresidential contracts only	47.6	+112		

[1]Adams and York Counties

PENNSYLVANIA BUSINESS SURVEY

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